

**CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION  
INDUSTRIAL DEVELOPMENT BONDS**

**Meeting Date: March 26, 2008**

***Request for Initial and Final Resolution for Tax Exempt and Taxable Bond Approval***

Prepared by: *Deanna Hamelin*

<b>Issuer:</b>	California Enterprise Development Authority (CEDA)	<b>Amount Requested:</b>	\$6,000,000
<b>Borrower:</b>	Ramar Marina Ltd. L.P.	<b>Application No.:</b>	08-0005
<b>Co-Borrower/User:</b>	Ramar International Corporation and/or a related or affiliated entity	<b>IR &amp; FR No.:</b>	08-0005
<b>Location:</b>	City of Pittsburg (Contra Costa County)		

**Borrower/User/Background:** Ramar Marina Ltd. L.P. (the “Co-Borrower”), Ramar International Corporation (the “User” & “Co-Borrower”), and/or a related or affiliated entity, doing business as Ramarfoods, Orientex, Magnolia, Bestaste, and Pampanga’s Best (collectively the “Company”), was incorporated in California in 2005 and 1968, respectively. The Company is a leading manufacturer of a variety of fresh and frozen Filipino and Asian food products, including egg rolls, skewered meats, and a variety of desserts and ice-creams. These products are sold through various chain stores, brokers, distributors and wholesalers including Seafood City, Island Pacific, Albertsons, and Ranch 99.

**Project Information:** The Company currently owns and operates two facilities in the City of Pittsburg, a 12,000 square foot USDA-certified plant on Garcia Avenue that manufactures meat products and egg rolls and a 24,000 square foot ice cream and dairy plant on Railroad Lane. In addition to manufacturing operations, the Railroad Lane facility also houses the User’s management and administrative operations. The Company’s operations have reached maximum capacity at both facilities, and there is no available space at these facilities to accommodate the Company’s desire for increased production capacity. Bond proceeds will be used to finance the acquisition and renovation of a vacant, 20,000 square foot building at 335 Central Avenue in the City of Pittsburg. The building is currently vacant and at various times housed a roller skating rink and a market. Bond proceeds will also be used for the acquisition and installation of production equipment and material handling systems including a spiral freezer, fryer, egg roll machine, and silos.

**Anticipated Timeline:** The building was acquired by the Company on April 8, 2005 from George and Judith Stephens. Renovation of the facility began in June 2006 and is anticipated to be completed by March 2008. Equipment purchases have commenced and will continue for 12 to 18 months after bond closing.

**Prior Actions/Financing:** The Company has no outstanding tax-exempt financings.

**Local Government Support:** The Company provided a letter from Mr. Brad Nail, Director of Economic Development in the City of Pittsburg, in support of the Project. (See Attachment A.)

**Statutory Criteria:** 1) Public Benefits, 2) Relocation and 3) Bond Issue Qualification. Points have been awarded based on an evaluation consistent with CDLAC guidelines. CDLAC does not require the evaluation of points for all statutory criteria.

**PUBLIC BENEFITS:** Consistent with CDLAC guidelines, the Project was awarded a total of 30 verifiable points. While none of the 30 points awarded is based upon the creation or retention jobs, the Company currently employs approximately 137 individuals in California and expects to create a total of 67 new jobs statewide within two years of completion of the Project.

**RELOCATION OF COMPANY OPERATIONS (No point evaluation required):** The Company will remain in the City of Pittsburg.

**QUALIFICATION OF BOND ISSUANCE (No point evaluation required):** Based upon the proposed finance structure, and based upon the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds that will be issued in connection with the Project: (a) will be adequately secured; (b) will be fair, just, and equitable to a purchaser of the bonds; and (c) will not work a fraud upon the bond purchaser. Final determination of qualification of the bonds will be subject to review of final bond documents prior to the issuance of bonds.

**Status Of Permit/Other Required Approvals:**

- The California Enterprise Development Authority (CEDA) approved a reimbursement certificate and a reimbursement resolution in an aggregate amount not to exceed \$6,000,000 for the Project on December 6, 2006 and on February 7, 2007.
- The Project involves the acquisition of land and building that is zoned for commercial and light manufacturing uses. No land use or zoning approvals or permits are required to accommodate the Project Sponsor's operations. A letter from the City of Pittsburg confirms that no land use or zoning approvals or permits are required to accommodate the planned facility.
- A TEFRA hearing was held by the City of Pittsburg on March 3, 2008, and no comments in support of or in opposition to the Project were received.

**Financing Details:** The Project will be funded through tax-exempt and taxable Industrial Development Bonds (IDBs) and will be sold in a public offering. The bonds will be variable rate bonds and will be secured by an irrevocable Letter of Credit issued by Bank of the West.

**Financing team:**

**Issuer:** CEDA  
**Bond Counsel:** Kutak Rock LLP  
**Underwriter:** Gates Capital Corporation  
**Financial Advisor:** Growth Capital Associates, Inc.

**Legal Questionnaire:** The Staff has reviewed the Co-Borrowers'/User's responses to the questions contained in the Legal Status portion of the Application. There was no information disclosed that raises questions concerning the financial viability or legal integrity of the applicants.

**Recommendation:** Staff recommends approval of Initial and Final Resolution No. 08-0005 for an amount not to exceed \$6,000,000 in tax-exempt and taxable bonds for Ramar International Corporation, Ramar Marina Ltd. L.P. and/or related or affiliated entity, subject to staff analysis and approval of final bond documents, and the receipt of bond counsel's opinion and CDLAC allocation approval, as set forth in Initial and Final Resolution No. 08-0005.

**RAMAR INTERNATIONAL  
CORPORATION, RAMAR MARINA  
LTD. L.P. AND/OR A RELATED OR  
AFFILIATED ENTITY**

**Bond Amount: \$6,000,000**

City of Pittsburg (Contra Costa County)

Application No. 08-0005

March 26, 2008

**STAFF SUMMARY – CIDFAC**

**Prepared by:** *Deanna Hamelin*

**ISSUE:**

On behalf of Ramar Marina Ltd. L.P. (the “Co-Borrower), Ramar International Corporation (the “User” & “Co-Borrower), and/or a related or affiliated entity, doing business as Ramarfoods, Orientex, Magnolia, Bestaste, and Pampanga’s Best (collectively the “Company”), the California Enterprise Development Authority (“CEDA” or the “Issuer”) requests approval of the Initial and Final Resolution No. 08-0005 for an amount up to \$6,000,000. Bond proceeds will be used for the acquisition and renovation of a 20,000 square foot building. Renovation will include the addition of 10,000 square feet for freezer space to accommodate food processing at the facility. Proceeds will also be used for the acquisition and installation of new production equipment and material handling systems at the new facility, including a spiral freezer, fryer, egg roll machine, and silos.

**Allocation.** The Company anticipates receiving allocation at the April 23, 2008 CIDFAC meeting.

**BORROWER/USER:**

Ramar Marina Ltd. L.P. (the “Co-Borrower), Ramar International Corporation (the “User” & “Co-Borrower), and/or a related or affiliated entity, doing business as Ramarfoods, Orientex, Magnolia, Bestaste, and Pampanga’s Best (collectively the “Company”), was incorporated in California in 2005 and 1968, respectively. The Company is a leading manufacturer of a variety of fresh and frozen Filipino and Asian food products, including egg rolls, skewered meats, and a variety of desserts and ice-creams. These products are sold through various chain stores, brokers, distributors and wholesalers including Seafood City, Island Pacific, Albertsons, and Ranch 99.

The principal shareholders of the Ramar International Corporation are as follows:

Primo Quesada.....	43.14%
Shareholders with less	
than 10% ownership.....	<u>56.86%</u>
<b>Total: .....</b>	<b>100%</b>

The principal shareholders of the Ramar Marina Ltd. L.P. are as follows:

Prime Equities, LTD .....	26.66%
Primo Quesada .....	20.00%

Miguel Dayao.....	6.66%
Edilberto Sanchez .....	6.66%
Ernesto Magante .....	6.66%
Manuel Bautista .....	6.66%
R&J Quesada Family .....	6.1%
Manina Q. Resmini .....	4.6%
Lena Q Lionetti .....	4.6%
Mariano Quesada .....	3.8%
Delfin Quesada.....	3.8%
Liza Q Gomez .....	3.8%
<b>Total .....</b>	<b>100%</b>

**Legal Questionnaire.** The Staff has reviewed the Company's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

**Prior Actions and Financings.** The Company has no outstanding tax-exempt financings.

**LOCAL GOVERNMENT SUPPORT:**

The Company provided a letter from Mr. Brad Nail, Director of Economic Development in the City of Pittsburgh, in support of the Project. (See Attachment A.)

**PROJECT INFORMATION:**

The Company currently owns and operates two facilities in the City of Pittsburgh, a 12,000 square foot USDA plant on Garcia Avenue that manufactures meat products and egg rolls and a 24,000 square foot ice cream and dairy plant on Railroad Lane. In addition to manufacturing operations, the Railroad Lane facility also houses the User's management and administrative operations. The Company's operations have reached maximum capacity at both facilities, and there is no available space at these facilities to accommodate the Company's desire for increased production capacity. Bond proceeds will be used to finance the acquisition and renovation of a vacant, 20,000 square foot building at 335 Central Avenue in the City of Pittsburgh. The building is currently vacant and at various times housed a roller skating rink and a market. Bond proceeds will also be used for the acquisition and installation of production equipment and material handling systems, including a spiral freezer, fryer, egg roll machine, and silos.

The anticipated Project and issuance costs are listed below:

Acquisition of Existing	
Building.....	\$1,000,000
Renovation of Existing	
Building.....	2,165,000
Site Preparation.....	50,000
Acquisition of New	
Equipment.....	2,500,000
Utilities Connection .....	100,000

Bond Issuance Expenses .....	120,000
Engineering/Architecture .....	65,000
<b>Total: .....</b>	<b><u>\$6,000,000</u></b>

**Anticipated Timeline.** The building was acquired on April 8, 2005 from George and Judith Stephens. Renovation of the facility began in June 2006 and is anticipated to be completed by March 2008. Equipment purchases have commenced and will continue for a period of 12 to 18 months after bond closing.

**Status Of Permit/Other Required Approvals:**

- CEDA approved a reimbursement certificate and a reimbursement resolution in an aggregate amount not to exceed \$6,000,000 for the Project on December 6, 2006 and on February 7, 2007.
- The Project involves the acquisition of land and building that is zoned for commercial and light manufacturing uses. No land use or zoning approvals or permits are required to accommodate the Project Sponsor's operations. A letter from the City of Pittsburg confirms that no land use or zoning approvals or permits are required to accommodate the planned facility.
- A TEFRA hearing was held by the City of Pittsburg on March 3, 2008, and no comments in support of or in opposition to the Project were received.

**STATUTORY CRITERIA:** 1) Public Benefits, 2) Relocation and 3) Bond Issue Qualification. Points have been awarded based on evaluation consistent with CDLAC guidelines. CDLAC does not require the evaluation of points for all statutory criteria.

- 1) **PUBLIC BENEFITS:** The staff assigned a total of 30 verifiable points to the Project, which are detailed below:

**Community Economic Need (15 points):**

**Unemployment Rate (5 points):** The unemployment rate of the county sub-area in which the project is located is 7.0%, which is 142% of the statewide rate of 4.9%.

**Poverty Rate (0 points):** No points were awarded for the poverty rate of the Project area. To earn points in this category, the poverty rate in the Project area must be at least 110% the statewide rate. The poverty rate for this Project area was 106% of the statewide rate.

**Special Designation Area (5 points):** The Company provided a letter from the City of Pittsburg confirming that the Project area is located in a state designated Enterprise Zone. (See Attachment A.)

**Median Family Income (5 points):** The Project is located in the City of Pittsburg, census tract 3100, where the average median family income is \$37,734.

Given that the median family income for the State of California is \$53,025, the median family income for the Project area is 71.2% of the statewide average.

**Employment Benefits (Job Creation/Retention = 0 points):** Although this Project was not awarded points for job creation or job retention, the Company represents that it currently employs 137 individuals and anticipates hiring an additional 67 employees within two years of completion of the Project.

**Welfare-to-Work Plan (5 points):** The Company provided a letter from Ms. Velma Bagby, Manager at the California Employment Development Department, Contra Costa County Workforce Service Office, indicating its participation in the CalWorks/Welfare-to-Work program through the One-Stop partnership. (See Attachment B.)

**Health Care Benefits (0 points):** No information was provided regarding healthcare benefits for the Company's employees.

**Average Hourly Wage (0 points):** The Company's projected average hourly wage is \$15.41, while the Oakland Metropolitan Statistical Area (MSA) has an average manufacturing wage of \$18.71 per hour. Therefore, the Company's average hourly wage is 91% of the average manufacturing wage in the Oakland MSA<sup>1</sup>, which does not qualify for the points.

**Project Area Land Use/Energy Efficiency/Public Transit Corridor (10 points):**

**Land Use (5 points):** The Company provided a letter from the City of Pittsburg indicating that the Project includes the reuse of a previously vacant building. (See Attachment A.)

**Public Transit Corridor (5 points):** The Company provided verification that the Project site is located within a Public Transit Corridor. The Tri-Delta Transit bus routes 70, 392, and 394 are within ¼ of a mile of the Project site.

**Energy Efficiency (0 points):** No information was provided regarding the energy efficiency of the new manufacturing facility or the new equipment associated with this Project.

- 2) **RELOCATION OF COMPANY OPERATIONS (No point evaluation required):** The Company will remain in the City of Pittsburg.
- 3) **QUALIFICATION OF BOND ISSUANCE (No point evaluation required):** Based upon the proposed finance structure, and based upon the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds that will be

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<sup>1</sup> The Project Area is located in the Contra Costa MSA. However, the Employment Development Department (EDD) Labor Market Information Division does not collect and publish manufacturing wage data for the Contra Costa County MSA. Therefore, Staff used data from the closest and most comparable MSA, which is the Oakland MSA.

issued in connection with the Project: (a) will be adequately secured; (b) will be fair, just, and equitable to a purchaser of the bonds; and (c) will not work a fraud upon the bond purchaser. Final determination of qualification of the bonds will be subject to review of final bond documents prior to issuance of bonds.

**FINANCING DETAILS:**

The Project will be funded through tax-exempt and taxable Industrial Development Bonds (IDBs) and will be sold in a public offering. The bonds will be variable rate bonds and will be secured by an irrevocable Letter of Credit issued by Bank of the West.

**FINANCING TEAM:**

**Issuer:** CEDA  
**Bond Counsel:** Kutak Rock LLP  
**Underwriter:** Gates Capital Corporation  
**Financial Advisor:** Growth Capital Associates, Inc.

**RECOMMENDATION:**

Staff recommends approval of Initial and Final Resolution No. 08-0005 in an amount not to exceed \$6,000,000 of tax-exempt and taxable bonds for Ramar International Corporation, Ramar Marina Ltd. L.P. and/or related or affiliated parties, which is subject to staff analysis and approval of final bond documents, and the receipt of bond counsel's opinion and CDLAC allocation approval, as set forth in the Initial and Final Resolution.



INITIAL AND FINAL RESOLUTION  
OF THE  
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING  
ADVISORY COMMISSION (CIDFAC)  
INDUSTRIAL DEVELOPMENT BONDS  
IR/FR #: 08-0005

WHEREAS, the California Enterprise Development Authority (the “Authority”) has transmitted the application of Ramar International Corporation, Ramar Marina Ltd. L.P. and/or related or affiliated parties, (the “Applicant”) for the issuance of up to \$6,000,000 of tax exempt and/or taxable bonds under the provisions of the California Industrial Development Financing Act, and has informed the California Industrial Development Financing Advisory Commission (the “Commission”) that it has adopted a resolution declaring its intention to issue such bonds and that the City of Pittsburg has held a public hearing regarding the issuance of the bonds and has approved the issuance of the bonds by the Authority; and

WHEREAS, the Commission has reviewed the application and the materials submitted with the application.

NOW, THEREFORE, the Commission resolves as follows;

Section 1. The Commission, based on its review of the application and the information submitted therewith, does determine that:

(a) the public benefits from the Project described in the application likely will substantially exceed any public detriment from the issuance of the bonds in the estimated principal amount of \$6,000,000 and

(b) use of the Project described in the application and the operation of the facility described in the application is reasonably necessary to prevent the relocation of substantial operations of the Applicant from an area within the State of California to an area outside of the State of California.

Section 2. The Commission conditionally finds that the proposed issuance of the bonds qualifies under the provisions of Article 5 of Title 10 of the Government Code, and further finds that:

(a) the bonds will be adequately secured and the funds available to the Applicant will apparently be sufficient to pay the principal of and interest on the bonds to be issued; and

(b) based on its review of the preliminary material submitted to it and as provided for under Government Code Section 91571, the proposed issuance will be fair, just and equitable to a purchaser of the bonds, and that the bonds proposed to be issued and the methods to be used by the Authority in issuing them will not be such as will work a fraud upon the purchaser thereof.

Section 3. The Commission determines that it is appropriate to the proposed transaction that the qualification of the proposed issuance be subject to the following conditions:

(a) that the Bond Counsel Opinion, when ready for execution, be submitted to Commission staff;

(b) that the final legal documents, when ready for execution, be submitted for review by Commission staff. Submitted documents shall include:

- (i) Loan Agreement,
- (ii) Indenture of Trust,

- (iii) Purchase Contract,
- (iv) Bond Resolution,
- (v) Letter of Credit,
- (vi) Other documents which, in the opinion of Commission staff, are necessary to the review of the transaction;

(c) that the Commission staff determine that the final documents associated with the transaction have been developed in form and content substantially similar to the representations in the application on which the findings under Section 2. above are based;

(d) that the bonds, when issued, are within the maximum limitation of bonds authorized in the California Industrial Development Financing Act (Section 91573(a) of California Government Code);

(e) that the Commission receive all applicable fees prior to the issuance of the bonds or that bond documents indicate that such fees are to be paid from the proceeds of the bonds; and

(f) that the Applicant has agreed to comply with Section 91533(l) of the Government Code relating to the payment of prevailing wages.

Section 4. This Resolution shall cease to be effective if the above-described bonds have not been issued within six months after the date of adoption of this Resolution.

Section 5. In compliance with the provision of the California Industrial Development Financing Act (Section 91754 California Government Code), the qualification of the proposed bond issue by this resolution is permissive only, and does not constitute a recommendation or endorsement of the bonds so qualified by the Commission.



